

**Central Durham Crematorium
Joint Committee**

23 April 2014



**Financial Monitoring Report –
Provisional Outturn as at 31
March 2014**

**Joint Report of Terry Collins – Corporate Director: Neighbourhood
Services; Don McLure – Corporate Director: Resources and
Treasurer to the Joint Committee**

Purpose of the Report

1. The purpose of this report is to set out details of income and expenditure in the period 1 April 2013 to 31 March 2014, together with the provisional outturn position for 2013/14, highlighting areas of over/under spend against the revenue budgets at a service expenditure analysis level.
2. The report also sets out details of the funds and reserves of the Joint Committee at 1 April 2013 and the provisional year end position at 31 March 2014.

Background

3. Scrutinising the financial performance of the Central Durham Crematorium is a key role of the Joint Committee. Regular (quarterly) budgetary control reports are prepared by the Treasurer and aim to present, in a user friendly format, the financial performance in the year to date together with a forward projection to the year end. Routine reporting and consideration of financial performance is a key component of the Governance Arrangements of the Central Durham Crematorium.

Financial Performance

4. Budgetary control reports, incorporating outturn projections, are considered by Neighbourhood Services' Management Team on a monthly basis. The County Council's Corporate Management Team also considers monthly budgetary control reports, with quarterly reports being considered by Cabinet / Overview and Scrutiny Committee. The surplus received by DCC as a partner authority from the Central Durham Crematorium is included within this report.
5. Members should be aware that the 2013/14 closedown process has only recently commenced and whilst no major variances are anticipated between the provisional and final outturns, the final information incorporated into the Annual Return and associated Statement of Accounts may differ from that included within this report. Where this is the case, a full explanation will be provided in the June report.

6. The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information and market intelligence supplied by the Bereavement Services Manager. The following table highlights the provisional outturn financial performance of the Central Durham Crematorium at 31 March 2014:

Subjective Analysis	Base Budget 2013/2014 £	Year to Date Actual – April – March £	Provisional Outturn 2013/2014 £	Variance Over/ (Under) £
Employees	204,915	190,721	219,354	14,439
Premises	279,840	197,550	220,132	(59,708)
Transport	3,900	669	2,379	(1,521)
Supplies & Services	124,225	100,598	104,700	(19,525)
Agency & Contracted	46,011	40,191	43,191	(2,820)
Transfer Payments	0	0	0	0
Capital Charges	213,738	213,738	213,738	0
Central Support Costs	34,800	34,800	34,800	0
Gross Expenditure	907,429	778,267	838,294	(69,135)
Income	(1,281,800)	(1,346,582)	(1,348,535)	(66,735)
Net Income	(374,371)	(568,315)	(510,241)	(135,870)
Transfer to Reserves				
- Masterplan Memorial Garden	5,000	0	5,000	0
- Major Capital Works	36,121	0	171,991	135,870
- Cremator Reline Reserve	25,000	0	25,000	0
- Small Plant	2,000	0	2,000	0
Distributable Surplus	(306,250)	0	(306,250)	0
80% Durham County Council	245,000	245,000	245,000	0
20% Spennymoor Town Council	61,250	61,250	61,250	0
Central Durham Crematorium Earmarked Reserves	Balance @ 1 April 2013 £	Transfers to Reserve £	Transfers From Reserve £	Balance @ 31 March 2014 £
General Reserve	(384,540)	(306,250)	306,250	(384,540)
Masterplan Memorial Garden	(31,250)	(5,000)	0	(36,250)
Major Capital Works	(716,470)	(171,991)	0	(888,461)
Cremator Reline Reserve	0	(25,000)	0	(25,000)
Small Plant	(2,000)	(2,000)	0	(4,000)
Total	(1,134,260)	(510,241)	306,250	(1,338,251)

Explanation of Significant Variances between Original Budget and Forecast Outturn

7. As can be seen from the table above, the provisional outturn is showing a surplus (before transfers to reserves and distribution of surpluses to the partner authorities) of £510,241 against a budgeted surplus of £374,371, £135,870 more than the budgeted position. This is as a result of an increased number of cremations to budget, premises works carried forward to 2014/15 and underspend within Supplies and Services. For Members information this reflects a £22,539 reduction on the previously reported forecasted surplus. The change in outturn is as a result of a reduction in the actual number of cremations in the final quarter of the year over that previously forecast.
8. The following section outlines the reasons for any significant variances by subjective analysis area/ type of expenditure. Members should note that some transactions are undertaken annually at the year end, in addition, in line with the accounting policies, sundry creditor and debtor provisions are required after the 31st March, this results in additional charges/income being reported between the actuals as at 31st March and the provisional outturn figures. The table overleaf includes (amongst others) the following provisions within the outturn:
- Bereavement Services Managers recharge from Durham County Council
 - Gas, electric and water charges not received from utility companies
 - Insurance recharge from Durham County Council
 - Cremator servicing and repairs charges not received from IFZW

8.1 *Employees*

The provisional outturn reflects a **£14,439** employee over spend. The reasons for this are in line with previous reporting and are set out below.

- The recruitment of a Modern Apprentice approved by the Joint Committee 24th April 2013 was not provided for within the original budget, resulting in a **£3,386** unbudgeted cost in the year.
- Long Term sickness cover has resulted in additional staffing/overtime payments of **£12,439** in the year.
- Savings within the Training budget of **(£1,715)**.
- Savings as a result of the revised management arrangements introduced within the crematoria establishments of **(£10,357)** have been achieved.
- Additional Cremator Operatives cover agreed by the Joint Committee on 24th April 2013 has totalled **£10,686** for the year.

8.2 *Premises*

A net under spend of **(£59,708)** has arisen in relation to Crematorium premises costs. There are number of reasons for this, as identified below:

- General Repairs & Maintenance budgets including internal decoration, fire and burglar alarms and cleaning has resulted in an underspend of **(£9,959)**.

- Utility costs for Gas, water and electricity are lower than budget by **(£9,858)**.
- The rateable value and subsequent charge for 2013/14 is lower than the original budgeted estimate. This has resulted in a **(£5,690)** saving within this budget.
- Following a review of the Crematorium Service Asset Management Plan (SAMP) the one off budget for the electric opening for the main gates has not been required, resulting in an underspend of **(£10,000)**
- The SAMP Review has also identified works to carry forward into 2014/15. This has resulted in a **(£29,000)** saving during 2013/14. The works include the replacement of copper roofing and canopy, relining of concrete guttering, replacement outside lighting, exterior brickwork pointing and path and road repairs. These will now be undertaken in 2014/15.
- Following the resignation of the Superintendent & Registrar and the subsequent changes to terms and conditions/ working arrangements attached to the post, the bungalow repairs and replacement budget of **(£4,200)** has not been required. This budget has also been removed from the 2014/15 budget.
- The general grounds maintenance & tree works has not been fully required during 2013/14 resulting in an under spend of **(£4,001)**
- Cremator equipment servicing and repairs has exceeded budget by **£17,000**. The costs for the servicing have increased and as a result the 2014/15 budget has also increased.
- Insurance recharge costs have been received at lower than that budgeted by **(£4,000)**.
- Expenditure on Furniture & Fittings has been lower than budget by **(£418)**.

8.3 *Supplies and Services*

An under spend of **(£19,525)** is anticipated in relation to Supplies and Services. The reasons for this are highlighted below:

- Expenditure on new Masterplan materials has reduced resulting in an underspend of **(£1,000)**.
- The increased cremation numbers over budget (highlighted within the income section of this report) has led to an increase in Medical Referees costs of **£1,436** over the budgeted amount.
- The Public BOR Visual Reference System originally identified to be purchased during 2013/14 will now be purchased during 2014/15 resulting in an underspend of **(£4,850)**. The 2014/15 budget includes provision for this system.

- Office, admin and other operational budgets such as conference, general advertising, postage, stationery and clothing have underspent by **(£3,441)**.
- The upgrade of the projector incorporated into the 2013/14 budget is no longer required, resulting in a saving of **(£6,365)**. This requirement has also been removed from the 2014/15 budget
- The requirement for Replacement Identity Tokens, Columbaria Units and Service Booklets has reduced this year by **(£3,826)**
- Licences, software & webcasting budgets have underspent by **(£518)**.
- The requirement for Cremator solutions & additives has been less than expected resulting in an underspend of **(£961)**.

8.4 *Agency and Contracted*

An under spend of **(£2,820)** is reported in connection with Agency and Contracted services, details are as follows:

- The cost of the Refuse Collection is **£1,087** higher than budgeted as a result of a price increase by the service provider during 2013/14. This increase has been reflected in the 2014/15 budget.
- The Independent Testing of the Cremator & Abatement Equipment for 2013/14 is **£760** higher than budget. This increase has been reflected in the 2014/15 budget.
- External Audit fees from BDO LLP have been received at **(£1,000)** lower than budgeted.
- The combined Waste Energy and Public Area Alterations feasibility study budget have underspent by **(£1,669)**.
- The reduced number of replacement cremation registers purchased during the year have resulted in an underspend of **(£498)**.
- The Spennymoor Operators Contingency budget has not been required during the 2013/14 year, resulting in a saving of **(£500)**.
- The Medical Referees Post Mortem budget of **(£1,000)** has not been required in the 2013/14 year.

8.5 *Income*

Additional income from the 2013/14 budget totalling **(£66,735)** is reported in this provisional outturn. The main reasons are detailed below.

- A backlog exercise has been undertaken at the crematorium regarding the renewal of Large Plaques and Vase Blocks. As a result, an additional **(£20,355)** income has been received to budget. It should be noted however that this may have a slightly negative impact on the 2014/15 renewals and as such the 2014/15 budget has been amended to reflect this.
- Cremation numbers have decreased by 152 compared to actual cremations undertaken during the previous year. Members will however recall that the 2013/14 budget was set at the prudent level of 2140 and therefore the actual cremations undertaken of 2227, is an increase of 87 to the 2013/14 budget. This has resulted in additional cremation fee income (inc the Medical Referee fees) of **(£45,424)**.
- The Book of Remembrance entries have not however followed the same trend as cremations during 2013/14. Income from Book of Remembrance Fees is lower than budget by **£1,829**.
- Income for miscellaneous items such as the scattering of ashes, webcasting, DVD and CD sales are higher than budget by **(£396)**.
- **(£2,389)** from Investments has been received.

8.6 *Earmarked Reserves*

Contributions from the revenue surplus towards earmarked reserves are reported as **£135,870** additional to budget.

The retained reserves of the CDCJC at 31 March 2014 are provisionally reported as £953,711 along with a General Reserve of £384,540, giving a total reserves and balances position of **£1,338,251** as at 31 March 2014.

Recommendations and Reasons

9. It is recommended that:

- Members note the April 2013 to March 2014 revenue spend financial monitoring report and associated provisional outturn position as at 31 March 2014, including the forecast year end position with regards to the reserves and balances of the Joint Committee.

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Appendix 1: Implications

Finance

Full details of the year to date and projected outturn financial performance of the Durham Crematorium are included within the body of the report.

Staffing

There are no staffing implications associated with this report.

Risk

The figures contained within this report have been extracted from the General Ledger, and have been scrutinised and supplemented with information supplied by the Bereavement Services Manager. The projected outturn has been produced taking into consideration the spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by the Superintendent and Registrar, should mitigate the risks associated with achievement of the forecast outturn position.

Equality and Diversity/Public Sector Equality Duty

There are no Equality and Diversity implications associated with this report.

Accommodation

There are no Accommodation implications associated with this report.

Crime and Disorder

There are no Crime and Disorder implications associated with this report.

Human Rights

There are no Human Rights implications associated with this report.

Consultation

None. However, Officers of Spennymoor Town Council were provided with a copy of the report and given opportunity to comment/raise any detailed queries on the contents of this report in advance of circulation to members of the CDCJC.

Procurement

None

Disability Discrimination Act

None

Legal Implications

The outturn proposals contained within this report have been prepared in accordance with standard accounting policies and procedures.